

Message Text

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16/61

ACTION EUR-12

INFO OCT-01 NEA-06 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00

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(C O R R E C T E D C O P Y--TEXT CHANGED FROM NOT TO NOW PARA 2.)

E.O. 11652: NA

TAGS: ETRD, PFOR EEC IR

SUBJECT: RELATIONS BETWEEN THE EC AND IRAN

1. SUMMARY. THE EC COUNCIL OF FOREIGN MINISTERS BRIEFLY CONSIDERED THE QUESTION OF THE COMMUNITY'S RELATIONS WITH IRAN AT ITS NOVEMBER 12 MEETING. THE COUNCIL BASED ITS DISCUSSION ON A PAPER FROM THE PERM REPS (TEXT GIVEN BELOW) WHICH SIDESTEPS THE QUESTION OF PREFERENTIAL ARRANGEMENTS. THE MINISTERS REFERRED THE QUESTION OF HOW BEST TO ORGANIZE RELATIONS WITH IRAN BACK TO THE COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) FOR FURTHER STUDY. END SUMMARY.

2. THE COUNCIL BRIEFLY DISCUSSED THE QUESTION OF RELATIONS WITH IRAN BEFORE REFERRING THE MATTER TO COREPER FOR FURTHER CONSIDERATION. FOLLOWING THE MEETING COMMISSION VICE PRESIDENT SIR CHRISTOPHER SOAMES PRIVATELY INFORMED US THAT THE SPECIFIC QUESTION OF
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PREFERENTIAL TREATMENT FOR PRODUCTS COMING FROM IRAN

WAS NOT DISCUSSED. ACCORDING TO SOAMES, THE MINISTERS ALL AGREED THAT THE COMMUNITY SHOULD ATTACH SIGNIFICANT POLITICAL AND ECONOMIC IMPORTANCE TO RELATIONS WITH IRAN AND, FURTHERMORE, THAT A "CLASSICAL COMMERCIAL ACCORD" WAS NO LONGER APPROPRIATE TO THE INTEREST OF THE TWO PARTIES. COREPER HAS BEEN GIVEN A MANDATE TO CONSIDER HOW BEST TO ENTER INTO DISCUSSIONS WITH IRAN WITH A VIEW TO INSURING THE SATISFACTORY DEVELOPMENT OF ECONOMIC AND POLITICAL RELATIONS. WHILE THE ISSUE OF MFN VERSUS PREFERENTIAL TRADE FOR IRAN IS THUS NOT DEFINITELY SETTLED, SOAMES BELIEVES THE US OPPOSITION TO THE PREFERENTIAL ROUTE HAS NOW RPT NOW GOTTEN THROUGH MORE CLEARLY TO THE MEMBER STATES.

3. THE MISSION HAS OBTAINED, ON A CONFIDENTIAL BASIS, THE TEXT OF A COUNCIL PAPER ON THE IRANIAN QUESTION. THIS DOCUMENT IS SUBSTANTIALLY THE SAME AS THE PAPER PRESENTED TO THE MINISTERS ON NOVEMBER 12. AN INFORMAL MISSION TRANSLATION FOLLOWS.

4. BEGIN TEXT. THE COMMITTEE OF PERMANENT REPRESENTATIVES HAS DISCUSSED THE PROBLEM OF RELATIONS WITH IRAN ON THE BASIS, NOTABLY, OF A COMMISSION WORKING DOCUMENT OF OCTOBER 29, OF A MEMORANDUM FROM THE GERMAN DELEGATION, AND OF A REPORT FROM THE AD HOC GROUP ON IRAN.

5. THE COREPER IS SUBMITTING TO THE COUNCIL, IN THE PRESENT NOTE, THE GENERAL AND POLITICAL ASPECTS OF THIS CASE, WHILE SUGGESTING THAT THE COUNCIL NOT, AT THIS STAGE, DISCUSS THE TECHNICAL ASPECTS, WHICH ARE NOT YET RIPE FOR USEFUL DEBATE.

6. IRAN AT THE TIME OF THE EXPIRATION, IN NOVEMBER 1973, OF ITS TRADE AGREEMENT WITH THE COMMUNITY, DID NOT WANT TO RENEW THAT AGREEMENT, BELIEVING THAT IT HAD BECOME INADEQUATE, IN VIEW OF THE RAPID EVOLUTION IN IRAN'S ECONOMIC SITUATION. THE COMMUNITY UNILATERALLY RENEWED THE FEW TARIFF CONCESSIONS PROVIDED FOR IN THE OLD AGREEMENT, PENDING THE TIME WHEN LIMITED OFFICIAL USE

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EXPLORATORY CONVERSATIONS WOULD HAVE CLARIFIED THE SITUATION.

7. IRAN, WHICH IS NOT INVOLVED IN THE OVERALL MEDITERRANEAN APPROACH NOR IN THE EURP-ARAB DIALOGUE, BELIEVES THAT IT IS IN AN UNFAVORABLE POSITION COMPARED TO ITS NEIGHBORS IN ITS RELATIONS WITH THE COMMUNITY. THIS FEELING IS ALL THE STRONGER BECAUSE IRAN IS

CONSCIOUS OF ITS NEWLY ACQUIRED INTERNATIONAL ECONOMIC AND POLITICAL IMPORTANCE. ON THE OTHER HAND, IT HAS THE FEELING THAT THE EXPLORATORY CONTACTS IT HAS HAD WITH THE COMMISSION SINCE JANUARY 1973 HAVE NOT BEEN PRODUCTIVE. IT IS NECESSARY, HOWEVER, TO NOTE IN THIS REGARD THAT THE EFFORTS OF THE COMMISSION TO ORIENT THESE CONTACTS TOWARD PRECISE AND CONCRETE TRADE PROBLEMS HAVE PROVOKED SCARCELY ANY REACTION FROM THE IRANIAN SIDE.

8. AS REGARDS THE SEARCH FOR FORMULAS WHICH WOULD PERMIT A RESOLUTION OF THESE DIFFICULTIES, THE DISCUSSION IN THE COREPER ARE NOT YET SUFFICIENTLY ADVANCED TO PERMIT CONCLUSIONS TO BE DRAWN--NOT EVEN ALTERNATIVE CONCLUSIONS. HOWEVER, THESE DISCUSSIONS HAVE ALREADY MADE THE FOLLOWING ELEMENTS CLEAR:

--IT IS UNANIMOUSLY RECOGNIZED THAT A CLASSIC TRADE AGREEMENT, BESIDES BEING EXCLUDED BY IRAN, IS NO LONGER AN APPROPRIATE INSTRUMENT IN THE PRESENT STATE OF RELATIONS BETWEEN IRAN AND THE COMMUNITY. IN THE LIGHT OF THE IMPORTANCE OF RELATIONS WITH IRAN, IT IS THEREFORE APPROPRIATE TO SEEK NEW SOLUTIONS.

-- A SOLUTION MUST BE FOUND WHICH IS APPROPRIATE TO THE CASE OF IRAN, WHILE TAKING ACCOUNT OF THE FACT THAT THE OTHER OIL-PRODUCING COUNTRIES COULD CONSIDER IT AS A PRECEDENT.

9. IN CONCLUSION, IT APPEARS THAT THE COUNCIL SHOULD IN THE COURSE OF ITS PRESENT MEETING DECIDE ON THE FOLLOWING GUIDELINES:

--THE COMMUNITY SHOULD GIVE EVIDENCE OF THE POLITICAL AND ECONOMIC IMPORTANCE THAT IT ATTACHES LIMITED OFFICIAL USE

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TO ITS RELATIONS WITH IRAN AND ITS DESIRE TO SEEK APPROPRIATE SOLUTIONS IN THE MUTUAL INTEREST OF THE TWO PARTIES;

--THE COMMUNITY SHOULD DECLARE ITSELF DISPOSED, WITH AN OPEN MIND, TO ENGAGE IN CONVERSATIONS WITH IRAN WITH A VIEW TO DETERMINING THE FORM OF AGREEMENT BEST DESIGNED TO PERMIT THE DEVELOPMENT OF THEIR FUTURE ECONOMIC AND TRADE RELATIONS, UNDER CONDITIONS SATISFACTORY TO BOTH PARTIES;

--THE COUNCIL SHOULD CHARGE THE COREPER WITH THE TASK OF RESUMING, FORTHWITH, THE EXAMINATION OF THIS CASE, SO AS TO BE ABLE TO DEFINE WITHIN A VERY BRIEF PERIOD THE BASES FOR A CONSTRUCTIVE PURSUIT OF THE CONVERSATIONS WITH IRAN. END TEXT. MYERSON

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